



TOP SECRET

CSIS DEVELOPING INTELLIGENCE ISSUE

Federal Government Purchase of Trans Mountain Pipeline and Expansion Project

Issue

On May 29, 2018, the federal government purchased the Trans Mountain Pipeline (TMP)² and related infrastructure³ from Kinder Morgan Inc. for \$4.5 billion. The purchase also includes plans for the construction of the Trans Mountain Expansion project (the Project) (See text box at right). Kinder Morgan paused the Project in April 2018 in the face of several legal challenges⁴ and opposition from the province of British Columbia and numerous environmental, Indigenous and anti-Capitalist opponents.

The federal government states that it will attempt to sell both the TMP and the Project in the near future, possibly with some degree of Indigenous ownership. Failing that, the government has committed to manage and finance the construction of the TMX project prior to a subsequent sale.

The Trans Mountain Expansion Project

The \$7.8 billion project will create a twinned pipeline increasing the nominal capacity of the system from 300,000 barrels of bitumen to 890,000 barrels per day.

The Project will also include the construction of three new berths at the Westridge Marine Terminal and will result in a 14% increase in marine traffic in Port Metro Vancouver.

Construction on the Project could begin by the summer/fall of 2018.

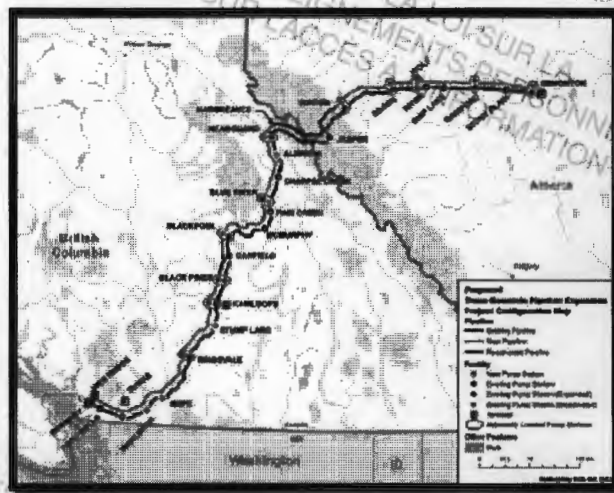
² The TMP runs for 1,150 kilometres between Strathcona County (near Edmonton), Alberta, and Burnaby, British Columbia and carries approximately 300,000 barrels of bitumen per day.

³ The purchase also includes the Puget Sound Line which ships Canadian crude oil products from Abbotsford, British Columbia, to Washington State and the short pipeline extending from the Westridge Marine Terminal located in Burnaby, British Columbia, to the Vancouver International Airport.

⁴ Ongoing litigation includes *Tsilel-Waututh Nation et al. v. AG Canada* which alleges that Canada did not adequately consult with Indigenous groups affected by the Project.

Context

Opposition to the Project is not new. In late 2014 (while it was still under review by the National Energy Board), over 100 people were arrested by the RCMP⁶ on Burnaby Mountain for attempting to prevent Kinder Morgan from conducting integrity digs along the existing pipeline route.



Over the past year, there have been ongoing peaceful demonstrations and blockades in front of TMP facilities at both the Westridge Marine Terminal and Burnaby facility resulting in the arrest of over 200 individuals.⁷ There have also been smaller protests across the country. To date, there have been no acts of serious violence.

A Sense of Betrayal?

Indigenous and non-Indigenous opponents of the Project continue to highlight the increasing threats to the planet as a result of climate change and the incompatibility of new pipeline and oil sands projects with Canada's 2015 commitments under the Paris Climate Accord.

At the same time, many within the broader Indigenous community view the federal government's purchase and possible financing, construction and operation of an expanded bitumen pipeline as wholly compatible with its attempts at Crown-Indigenous reconciliation.

Furthermore, the impact of the 2014 Supreme Court decision on Aboriginal title in *William v.*

"This decision will haunt the Trudeau government. Those of us who knocked on doors for him will not forget that he took billions of dollars from Canadian families to buy out an oil pipeline that violates Indigenous rights and our commitments on climate change. Thousands of people have committed to stand with Indigenous leaders to stop this pipeline. All hell is about to break loose in British Columbia."

Public statement from a director of a Canadian environmental organization, May 29, 2018.

⁶ The RCMP is the police of jurisdiction along most of the TMP.

⁷ Most arrests did not result in criminal charges or fines. On June 1, 2017, however, the Supreme Court of British Columbia expanded the existing Kinder Morgan injunction to include all facilities used by the company and removed the 10 minute pre-arrest warning which had previously been provided by law enforcement.

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British Columbia (aka Roger William decision) and the Crown's unreserved endorsement of the United Nations *Declaration on the Rights of Indigenous Peoples* (UNDRIP) in May 2016,

The purchase of the TMP and commitment to complete the Project, therefore, is viewed as a betrayal by many within both the environmental and Indigenous communities. Although the elected officials of approximately 80% of affected First Nations ostensibly support the Project and others see it as providing economic benefits for their communities, Indigenous opposition at the grassroots level remains strong. In response to the federal purchase, numerous Indigenous and environmental organizations have re-stated their commitment to prevent construction. Opposition includes the "Treaty Alliance against Tar Sands" which contains signatories from over 50 North American First Nations and has committed to stopping the Project.

Violent Confrontations and Resource Development

Peaceful opposition to shale gas development escalated to violence between June and October 2013 near the Elsipogtog First Nation, New Brunswick, culminating with the RCMP enforcement of a provincial court injunction against the inhabitants of an encampment preventing a company from engaging in exploration work.



This confrontation resulted in multiple road blocks, equipment sabotage and over 100 arrests between June and December 2013.

More recently, beginning in August 2016, widespread Indigenous and non-Indigenous opposition to the Dakota Access Pipeline in North Dakota coalesced around the Standing Rock Sioux Tribe (SRST), located near Bismarck, North Dakota. Several violent confrontations between law enforcement and pipeline opponents ensued between September and December 2016 resulting in hundreds of arrests and millions of dollars of damage to corporate equipment.

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Intelligence Threats to Critical Infrastructure

RCMP Critical Infrastructure Threat Awareness Workshops

Calgary – March 13, 2018

Toronto – March 27, 2018

Canada

Agenda

- Threats to Critical Infrastructure
- Supply chains
- Spear-phishing
- Espionage and Technology Theft

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What Does CSIS Investigate?

- CSIS investigates threats to the security of Canada:
 - a) Espionage and sabotage.
 - b) Clandestine or deceptive foreign influenced activities.
 - c) Serious acts of politically, religiously or ideologically motivated violence.
 - d) Activities directed toward undermining the government of Canada by covert unlawful acts – but does not include lawful advocacy, protest or dissent, unless carried on in conjunction with any of the activities in (a) to (d).

Main Threats to Critical Infrastructure?

- **Terrorism and Extremism** – serious acts of politically or ideologically motivated violence against persons and property.

Sabotage – damage or destruction of property.

Espionage and Foreign Interference – clandestine activities by foreign governments in Canada detrimental to Canada's military, technological, economic and commercial interests.

- **Cyber and Information Threats** – threats to Canada's information systems and cyber-infrastructure, intellectual property, confidential business information and data.

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Supply-Chain Vulnerability

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Supply-Chain Vulnerability – SOE Example

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Supply-Chain Vulnerability – Ukraine Example

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Supply-Chain Vulnerability – Observations

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Spear Phishing Vulnerability

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Spear-Phishing Vulnerability – Recent Example

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Spear Phishing Vulnerability – Older Example

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Spear-Phishing Vulnerability – Observations

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Technology is a Foreign Espionage Target

- *Every year competitors such as China steal U.S. intellectual property valued at hundreds of billions of dollars. Stealing proprietary technology and early-stage ideas allows competitors to unfairly tap into the innovation of free societies. — U.S. (2017) National Security Strategy*
- *Sensitive U.S. economic information and technology are targeted by the intelligence services, private sector companies, academic and research institutions, and citizens of dozens of countries. — (U.S.) ONCIX Report to Congress on Foreign Economic Collection and Industrial Espionage*
- *State-sponsored and corporate espionage occurs in Canada.*

How is Technology Lost or Stolen?

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Confidential Information, Data and R&D is a Target

- Non-likeminded countries/SOEs and affiliated companies are engaged in a global pursuit of technology and know-how, driven by their economic and military potential.
- Does your company have an R&D branch that develops new or improved technology?
 - What does your corporation consider its most valuable assets?
 - Is any R&D, information or technology considered to be leading edge?
 - What are your science and engineering professionals working on?
 - Do scientists consult with corporate security about visiting delegations?
 - Does your corporation have elevated security to protect confidential information?
 - Does your company have partnership agreements or signed contracts with any companies from non-likeminded countries?

What can my company do to protect itself?

- Assess your company's intellectual property, confidential information and competitive advantages.

For more information, see the Canadian Intellectual Property Office: (e.g. "A Canadian patent, trademark or industrial design does not secure your rights outside of Canada." – Doing business abroad: Protecting your IP in China)

- Assess your IP and information vulnerabilities (along with physical, cyber, insider threats, etc.)
- Develop a corporate security plan to manage risks, with a strong IP focus.
 - Educate all employees.
 - Take regular stock of your protective measures.
 - If you detect suspicious activity, contact authorities.

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Conclusions

- Installation of infrastructure equipment and operational control systems supplied by state-owned enterprises and associated companies from non-likeminded countries may create an expanding security risk.
- Corporate security operations should engage with their own contracting, IT, IP and R&D sectors to ascertain the scope of potential security threats and manage risks.
- All infrastructure sectors should remain engaged with RCMP and CSIS to share security intelligence.

Questions?

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